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SUBJECT: VISIT OF PORTUGUESE PRESIDENT PROMISES CLOSER
RELATIONS WITH MOZAMBIQUE

¶1. (U) Summary. Portuguese President Anibal Cavaco Silva made a state visit to Mozambique March 24-27, the first by a Portuguese head of state in more than ten years. The visit was widely described as the beginning of a new era of cooperation between Portugal and Mozambique and was highlighted by the signing of four cooperative agreements, the creation of a business cooperation fund, and talk of increased tourism between the two countries. Closer Portuguese-Mozambique relations may provide additional opportunities for the USG to expand our work together with Portugal on assistance projects in Mozambique. End Summary.

¶2. (U) Cavaco Silva headed a high-level state delegation to Mozambique March 24-27 that included the Ministers of Defense and Foreign Affairs. The purpose of the visit was to announce the beginning of a new era of cooperation between Portugal and its former colony. The visit follows closely on completion of the transfer of the majority interest of the Cahora Bassa dam to Mozambique, formerly a major impediment to improved relations between the countries.

¶3. (U) The two countries signed four cooperation agreements during the visit, most notably on dual taxation and a continuation of technical assistance to the Mozambican Armed Forces. In an address to Parliament, Cavaco Silva highlighted other areas of potential cooperation between the countries, promoted the role of Portugal in bringing together Europe and Africa, and announced the creation of a USD 7.5 million fund to help Portuguese do business in Mozambique and to assist Mozambican businesses. President Guebuza called Portugal "a great friend of Mozambique" and emphasized the benefits of developing increased tourism links between the countries.

¶4. (SBU) COMMENT. Partially because of the long complex history and relationship between the two countries, Cavaco Silva's visit received unprecedented attention by the press and the Mozambican public. While public opinion appears split on whether modern Portuguese attitudes remain colonialist in nature or whether Portugal truly intends to usher in a new area of cooperation, Cavaco Silva himself made a favorable impression on the Mozambicans. Portuguese investment in Mozambique remains strong, but its financial assistance is modest compared with the US and other European donors. Nevertheless, Portugal maintains strong contacts and influence in the business and banking sectors, and cultural ties (particularly language) are intact. Closer Portuguese-Mozambique relations may provide additional opportunities for the USG to expand our work together with Portugal on assistance projects in Mozambique. END COMMENT Chapman